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Message

From: Miguel Vias [REDACTED]@ripple.com]
Sent: 1/4/2017 9:46:18 PM
To: [REDACTED]@ripple.com>]; Chris Larsen [Chris Larsen [REDACTED]@ripple.com>]; Brad Garlinghouse [Brad Garlinghouse [REDACTED]@ripple.com>]; Patrick Griffin [Patrick Griffin <[REDACTED]@ripple.com>]
Subject: XRP's Recent Performance

Hi Team,

Over the last few weeks we've seen an impressive rally in digital assets, a rally in which XRP has not significantly participated. For the sake of some of our large XRP investors, and for our own sanity, it's important to take stock of what's happened, why it's happened, and what this means for our XRP strategy.

This rally began in Bitcoin and spread to other Bitcoin related digital assets. What I mean by 'related' is the adjacent digital assets had liquid and easily accessible BTC crosses on various exchanges or had substantial China based liquidity, similar to Bitcoin. XRP lacks both those attributes and suffered as a result. While not pleasant to admit, it's currently difficult to classify XRP as being a prominent part of the cryptocurrency ecosystem. XRP is not significantly listed on off ledger exchanges, it does not have adequate wallet support, markets do not view it as truly decentralized, and they distrust it because so much of it is in so few hands. All of this limits XRP's reach, hinders its accessibility, and damages its appeal. If we want market participants to flock to XRP we have to nurture the infrastructure around XRP, and we have to give market participants a reason to substitute their doubt in XRP for a belief in its future.

Our long term strategy involves inserting XRP into Ripple and having the world run payments through XRP. Even if that doesn't happen because the banks never get comfortable with XRP that message is clear and powerful. It means XRP has the potential to be the institutional digital asset standard bearer for legitimate global value transfer. No other digital asset outside of Bitcoin can even come close to making that claim, and we need to make sure the world knows it. I understand there are sensitivities around this type of messaging because of our ILP focus, bank focus, and the FinCEN ruling. However, if we want that end state to materialize we will need crypto liquidity before we can make the leap to broader capital markets. And in order to get that liquidity we are going to have to convince markets of XRP's future and make it easy for them to participate in that future.

We missed this rally, but it's important to recognize that we understand the reasons why we missed it and are working to address them. In 2017 our goals are to list XRP on 8-10 exchanges with rebates and volume incentives, enable PSP's to run payments through those exchanges, attract 10-12 validators, enable hardware and software wallet support for XRP, and put XRP back into the overall Ripple narrative. These investments will ensure that, not only will XRP participate in rallies going forward, it will likely be their catalyst.

I'd intended this to be a market commentary, but the more I thought about it the clearer it became that while important, market activity is not the primary driver of XRP's under performance. XRP is not performing because we have work to do, and that should be our focus. If we execute, and we will, I have no doubt that markets will recognize the value of XRP.

Happy to answer any questions or discuss more at length.

Best,
 Miguel

